

AGENDA



Thursday, May 14, 2009

**Contract and Land Management
RECOMMENDATION FOR COUNCIL ACTION****Item No. 10**

Subject: Authorize negotiation and execution of a modification to the ten year lease agreement with the Eleven East Corporation for office space and associated parking at 1000 East Eleventh Street for occupancy by the City's Neighborhood Housing and Community Development Department and the Austin Housing Finance Corporation.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

For More Information: Lauraine Rizer 974-7078; April Thedford 974-7141

Prior Council Action: February 7, 2002 – Council approved original lease agreement; February 27, 2003 – Council approved amendment to lease agreement; June 24, 2004 – Council approved amendment to lease agreement.

The City of Austin Neighborhood Housing and Community Development Department (NHCD) and the Austin Housing Finance Corporation began leasing 22,000 square feet of office space and associated parking from Eleven East Corporation in August of 2004. The City increased its leased space to 26,546 square feet in March of 2004.

It is the intent of the Landlord and Tenant that this Lease Modification assemble and clarify certain provisions of the original Lease (executed August 2002, First Amendment to Lease (executed March 2003), Second Amendment to Lease (executed October 2003) and the Third Amendment to the Lease (executed March 2004).

On March 4, 2008 the City received a reconciliation of expenses that dated from March 2004 through December 2007. The City paid \$77,374.80 for additional rent owed for March 2004 thru December 2007 to Eleven East Corporation.

Real Estate Services staff worked directly with the President and CEO of Eleven East Corporation to clarify processes and reconciliation formulas, expense formulas and use of gross-up operating expenses. These modifications define key terms such as landlord, lease commencement and amendment dates, project buildings and premises. Modifications also clarify critical processes and formulas including the removal of controllable year expenses cap and the submittal and payment of these expenses.

These modifications do not extend the lease term, currently to expire December 31, 2014.

Modifications will not result in additional costs to the City.